
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1179 Session of
1993

INTRODUCED BY JAMES, REINARD, ROBINSON, COLAIZZO, ROEBUCK,
JOSEPHS, WILLIAMS, LINTON, BATTISTO, BELFANTI, McCALL, EVANS,
RIEGER, DONATUCCI, CARN, ACOSTA, D. R. WRIGHT, RICHARDSON,
DEMPSEY, HALUSKA, TRELLO, CAWLEY, STABACK, BISHOP, THOMAS,
NICKOL, KIRKLAND, TIGUE, YEWIC, DALEY, PISTELLA, KASUNIC,
DURHAM, MELIO, PESCI, HASAY, LEDERER AND HUGHES,
APRIL 19, 1993

REFERRED TO COMMITTEE ON INSURANCE, APRIL 19, 1993

AN ACT

1 Amending Title 75 (Vehicles) of the Pennsylvania Consolidated
2 Statutes, providing for the Assigned Risk Plan.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Section 1741 of Title 75 of the Pennsylvania
6 Consolidated Statutes is amended to read:

7 § 1741. Establishment.

8 The Insurance Department shall, after consultation with the
9 insurers licensed to write motor vehicle liability insurance in
10 this Commonwealth, adopt a reasonable Assigned Risk Plan for the
11 equitable apportionment among those insurers of applicants for
12 motor vehicle liability insurance who are entitled to, but are
13 unable to, procure insurance through ordinary methods. When the
14 plan has been adopted, all motor vehicle liability insurers
15 shall subscribe thereto and shall participate in the plan. [The

1 plan may provide reasonable means for the transfer of
2 individuals insured thereunder into the ordinary market, at the
3 same or lower rates, pursuant to regulations established by the
4 department.]

5 Section 2. Title 75 is amended by adding a section to read:
6 § 1745. Producer of record.

7 (a) General rule.--No person shall act as an agent or broker
8 or producer of applications or policies of automobile insurance
9 for the Assigned Risk Plan unless that person is currently
10 licensed as a casualty insurance agent or broker. A licensed
11 agent or broker placing a policy or policies of insurance on
12 behalf of a named insured shall be the producer of record for
13 such policies.

14 (b) Private-passenger nonfleet risks.--With respect to
15 private-passenger nonfleet automobile risks only, if, during the
16 three successive years prior to the expiration of the policy,
17 the named insured and any other person who usually operates the
18 automobile, having been licensed to operate an automobile for at
19 least two years, have not been involved in accidents or
20 convictions for which points are required to be assessed in
21 accordance with the rules of the plan, the assigned company
22 shall offer to write the coverages previously afforded by the
23 policy being replaced for a period of one year, subject at a
24 minimum to the following conditions:

25 (1) The kinds and amounts of coverages to be offered for
26 these risks shall not be less than those afforded by the
27 policy being replaced unless the kinds and amounts of
28 coverage have been refused by the insured in a manner and
29 form as approved by the Insurance Commissioner.

30 (2) The offer to write shall provide for an option to be

1 exercised by the named insured for continued servicing by his
2 agent or broker, otherwise known as the producer of record.
3 Where this election is made, an insurer shall continue to
4 recognize the producer of record and shall pay a commission
5 in an amount not less than the rate of commission paid by
6 that insurer or 10% of policy premium, whichever is greater.

7 (3) A recognized producer of record shall be permitted
8 by the insurer to service the needs of the policyholder with
9 respect to private-passenger nonfleet automobile risks.

10 (4) No assigned insurer offering to write the insurance
11 in accordance with this section shall refuse to service a
12 policy through the producer of record recognized by the named
13 insured. The insurer shall be obligated to renew the coverage
14 from year to year except in accordance with the act of June
15 5, 1968 (P.L.140, No.78), entitled "An act regulating the
16 writing, cancellation of or refusal to renew policies of
17 automobile insurance; and imposing powers and duties on the
18 Insurance Commissioner therefor," and section 1799.3
19 (relating to limit on cancellations, refusals to renew,
20 refusals to write, surcharges, rate penalties and point
21 assignments), or the named insured refuses to renew such
22 insurance.

23 (c) Limited broker's license.--For purposes of this section
24 only, a producer of record not otherwise a broker shall be
25 deemed to have a limited broker's license solely for the purpose
26 of servicing insureds of private-passenger nonfleet vehicles who
27 accept the insurer's offer. No agency relationship shall be
28 deemed to exist between any insurer and any producer of record,
29 unless the agent is licensed or is subsequently licensed by the
30 insurer.

1 Section 3. This act shall take effect in 60 days.